

OGC Has

Reviewed DD/S 63-2393

Pers. 11-1
5 June 1963

MEMORANDUM FOR: Chief, Benefits and Services Division
Office of Personnel

SUBJECT : GEHA Group Life Insurance Program

REFERENCE : Memo for the Record dtd 2 May 63 by OGC,
same subject

1. At a meeting on 4 June 1963 with Lawrence Houston and []
[] Office of General Counsel; [] Chairman of the
GEHA Board of Directors; and Emmett Echols, Director of Personnel,
it was agreed that a small task force should be appointed to study the
problems raised in reference memorandum. The membership shall be:



Chairman
Member
Member and Legal Advisor

2. It is requested that the task force examine these problems forth-
with, seeking advice and assistance from appropriate components of the
Agency in order to ensure that all aspects of the Agency business are
considered during the examination. Their conclusions and recommenda-
tions, with the comments of the GEHA Board of Directors, should be
submitted to the Deputy Director (Support) through the Director of Personnel.

3. Until the work of the task force is completed, the chairman
should furnish monthly progress reports to the Deputy Director (Support),
the first of which is to be submitted on 1 July 1963.

L. K. White
Deputy Director
(Support)

Attachment:
Reference

DD/S:LKW:jas:sbo

cc: D/Pers w/o att

OGC w/o att

Distribution:

0 - Adse w/T of att

Approved For Release 2003/10/22 : CIA-RDP84-00780R000300070020-2

C/Budget Division w/att

GROUP 1
Excluded from automatic
downgrading and
declassification

SECRET

DD/S subject w/basic

SECRET

Approved For Release 2003/10/22 : CIA-RDP84-00780R000300070020-2

Personnel 11-1

20 May 1963

Deputy Director of Security

4E-60 Headquarters

Bob:

When you have had a chance to look this over, Colonel White thinks we should have a get-together with Emmett Echols and Larry Houston.

15/
H.G.L.

Assistant Deputy Director (Support)

7D-18 Headquarters



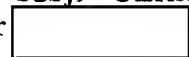
25X1

ADD/S:HGL:fp

Distribution:

- O - Addressee w/Ø DD/S 63-1962
- 1 - DD/S chrono
- ✓ 1 - DD/S subject w/Ø cy DD/S 63-1962

DD/S 63-1962 - Memo for the Record dtd 2 May 63, subj: "GEHA Group Life Insurance Program" fr



25X1

25X1

Approved For Release 2003/10/22 : CIA-RDP84-00780R000300070020-2

SECRET

Approved For Release 2003/10/22 : CIA-RDP84-00780R000300070020-2

TO:		DATE
Mr. Lloyd and Colonel White		8 May 1969
ROOM NO.	BUILDING	
REMARKS:		
<p>I alerted [] to this memo, which he and Emmett had not yet received. Charlie will be prepared for whatever Task Force action may be necessary.</p> <p>15 May L R/H agreed to wait for [] next day</p> <p>RBF</p>		
FROM:		
ROOM NO.	BUILDING	EXTENSION

Approved For Release 2003/10/22 : CIA-RDP84-00780R000300070020-2

~~SECRET~~

DDP 63-19612

2 May 1963

MEMORANDUM FOR THE RECORD

SUBJECT: GEHA Group Life Insurance Program

1. An OGC review of the GEHA group life insurance program has led us to the conclusion that certain aspects of the program require a detailed re-examination.

2. The aspects this office has in mind are:

25X1 (a) [] which announced the UBLIC group life insurance plan for GEHA Contract Employees, states "The agreement with the underwriter stipulates that the insured persons will be 'standard risks' whose assigned duties are not significantly more hazardous than those of staff personnel." This "standard risk" concept does not appear in the Contract Employees policy and, in any event, it is a nebulous concept. It would seem that the only standard of eligibility should be membership in the class of personnel that the Agency desires to have covered. Another facet of the Contract Employees policy which merits inquiry is the Experience Rating provision giving the carrier the right to change the premium rates on the first policy anniversary and each premium due date (monthly) thereafter. The monthly term is relatively short in comparison with the UBLIC policy issued to GEHA members generally. That policy provides for computation and adjustment of premiums on an annual basis. Perhaps the premium rates for the Contract Employees policy could also be reviewed on an annual basis. If this resulted in a poor claims experience due to the Agency's unique operations, and this experience was reflected in increased premiums in excess of the standard group rates, an Agency subsidy of the excess premium would be in order.

(b) While this office has doubts as to the legal effect of Omaha's 15 November 1956 letter to GEHA relating generally to coverage of hazardous and extra-hazardous risks, the terms

~~SECRET~~
Excluded from automatic
downgrading and
declassification

SECRET

Approved For Release 2003/10/22 : CIA-RDP84-00780R000300070020-2

"hazardous" and "extra-hazardous" are also nebulous in nature. GEHA has a good faith relationship with UBLIC and the Agency should consider arranging more concrete standards with the company in order to avoid any misunderstanding.

(c) GEHA's 19 October 1962 memorandum [redacted] states that if GEHA Contract Personnel group life insurance for [redacted] is intended to be payable regardless of the circumstances of death, coverage can be arranged only with the understanding that GEHA will be reimbursed from project funds for losses incurred in those instances where the death of the insured is attributable to operational conditions not within the intent of GEHA's agreement with the insurance underwriter that the insured persons will be "standard risks." The GEHA memorandum continues that each case resulting from the above will be decided upon by the Board of Directors of GEHA Incorporated based upon the circumstances of death and the interpretation of the agreement with the underwriters. Is not this properly a determination for the Agency to make?

25X1

25X1

(d) The GEHA group life policies have been in existence for approximately nine years now and it might be well for us to review the terms of these policies in light of present circumstances. For example:

(1) Do the group life insurance policies presently in force provide coverage commensurate with Agency needs?

(2) Could more favorable premium rates be obtained?

(3) Should and must the Agency give the insurance carrier the right of inspection of Agency insurance records, as provided in both the GEHA group life policies, and the right to medical examination and autopsy in the case of accidental death and dismemberment as provided in the policy issued to GEHA members generally?

(e) The present UBLIC policies are issued to separate entities, namely, to GEHA and to GEHA Contract Employees, rather than directly to the Agency. The use of separate entities necessitates the filing of tax reports and raises a question as to

SECRET

whether GEHA, presently incorporated in D. C., must, in view of the Agency's move to Langley, qualify to do business in Virginia. Also, in view of the Agency's move, should the group life policy be issued in Virginia rather than in the District?

3. Resolution of the issues raised above would require serious study and undoubtedly would present mixed policy and legal questions. It is therefore proposed that a joint task force be established to re-examine the GEHA group life insurance program and formulate recommendations.



Office of General Counsel

25X1

O-DD/S
1-D/Personnel